
July 2011

DOD TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing

U.S. Government Accountability Office

GAO90**YEARS****1921-2011**

ACCOUNTABILITY ★ INTEGRITY ★ RELIABILITY

Report Documentation Page				Form Approved OMB No. 0704-0188	
Public reporting burden for the collection of information is estimated to average 1 hour per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to Washington Headquarters Services, Directorate for Information Operations and Reports, 1215 Jefferson Davis Highway, Suite 1204, Arlington VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to a penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.					
1. REPORT DATE JUL 2011		2. REPORT TYPE		3. DATES COVERED 00-00-2011 to 00-00-2011	
4. TITLE AND SUBTITLE DOD Task Force for Business and Stability Operations: Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing				5a. CONTRACT NUMBER	
				5b. GRANT NUMBER	
				5c. PROGRAM ELEMENT NUMBER	
6. AUTHOR(S)				5d. PROJECT NUMBER	
				5e. TASK NUMBER	
				5f. WORK UNIT NUMBER	
7. PERFORMING ORGANIZATION NAME(S) AND ADDRESS(ES) U.S. Government Accountability Office, 441 G Street NW, Washington, DC, 20548				8. PERFORMING ORGANIZATION REPORT NUMBER	
9. SPONSORING/MONITORING AGENCY NAME(S) AND ADDRESS(ES)				10. SPONSOR/MONITOR'S ACRONYM(S)	
				11. SPONSOR/MONITOR'S REPORT NUMBER(S)	
12. DISTRIBUTION/AVAILABILITY STATEMENT Approved for public release; distribution unlimited					
13. SUPPLEMENTARY NOTES					
14. ABSTRACT					
15. SUBJECT TERMS					
16. SECURITY CLASSIFICATION OF:			17. LIMITATION OF ABSTRACT Same as Report (SAR)	18. NUMBER OF PAGES 34	19a. NAME OF RESPONSIBLE PERSON
a. REPORT unclassified	b. ABSTRACT unclassified	c. THIS PAGE unclassified			

Why GAO Did This Study

The Departments of Defense (DOD) and State (State) and the U.S. Agency for International Development (USAID) and others are involved in economic development activities in Iraq and Afghanistan. In June 2006, DOD established the Task Force for Business and Stability Operations (Task Force) to support its related efforts. The National Defense Authorization Act (NDAA) for Fiscal Year 2011 required that DOD, State, and USAID jointly develop a plan to transition Task Force activities to State, with a focus on potentially transitioning activities to USAID.

Under the authority of the Comptroller General of the United States to conduct work on his own initiative and with additional congressional direction, GAO identified (1) factors to consider in planning any transition of Task Force activities and (2) the extent to which the Task Force established guidance to manage its activities and has shared information with other federal agencies. GAO analyzed documents and interviewed multiple agency officials in Washington, D.C., Iraq, and Afghanistan.

What GAO Recommends

GAO recommends that the Task Force develop written project management guidance and that DOD, State, and USAID develop an approach to integrate the Task Force into information-sharing mechanisms. DOD partially concurred with the first recommendation. The three agencies generally concurred with the second.

View [GAO-11-715](#) or key components. For more information, contact Sharon Pickup at (202) 512-9619 or pickups@gao.gov.

July 2011

DOD TASK FORCE FOR BUSINESS AND STABILITY OPERATIONS

Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing

What GAO Found

As of June 2011, DOD, State, and USAID officials were discussing options for transitioning Task Force activities and preparing a response to the fiscal year 2011 NDAA requirements. Based on interviews with senior officials and a review of available data, GAO identified five factors to consider in planning for any transition of Task Force activities to USAID, which generally relate to how these agencies conduct their respective activities. First, although both the Task Force and USAID work to promote economic development, they generally take different approaches. The Task Force is a small, flat, flexible organization that generally conducts short-term initiatives, while USAID is a large agency that conducts short- and long-term projects. USAID officials noted that in addition to other activities, it focuses on efforts to improve the environment for investments whereas the Task Force focuses on brokering specific investment deals. Second, as part of DOD, Task Force employees are not subject to the same movement restrictions as USAID employees and have greater flexibility to visit project sites and access to military assets. Third, funding and staffing plans would need to be developed. For example, USAID's fiscal year 2011 budget and 2012 budget request did not take into account any needs to support Task Force activities. Fourth, while both agencies facilitate private sector investment, the nature and focus of their interactions with investors differ. For example, the Task Force actively identifies potential U.S. and non-U.S. investors and arranges meetings and provides logistical support for them, whereas USAID typically sponsors conferences to provide opportunities for prospective investors to share information. Given these differences, State and USAID officials agreed that the same type of private investment activities conducted by the Task Force may not continue at USAID. Last, the timing of a transition and impact on U.S. objectives will need to be considered. DOD, State, and USAID officials noted that because Task Force activities are important to supporting the U.S. goal of attracting investors, a transition in the near term may negatively impact these efforts.

While DOD and the Task Force have provided high-level direction for Task Force activities, the Task Force has not developed written project management guidance to be used by its personnel in managing Task Force projects. Such guidance could include important elements, such as project selection criteria, requirements to establish metrics, and monitoring and evaluation processes. As a result, the Task Force does not have the framework needed to ensure a standard operating approach, accountability, and consistent project management. The Task Force has generally focused its information-sharing efforts on senior officials in Afghanistan whereas efforts at the project management level have been more ad hoc. Mechanisms such as working groups exist for agencies involved in development activities to share information. However, the Task Force does not routinely participate, and DOD, State, and USAID have not identified how best to integrate the Task Force to share information on its activities. As a result, the U.S. government may not be positioned to fully leverage and coordinate its respective capabilities and efforts in support of achieving U.S. goals.

Contents

Letter		1
	Background	2
	Factors to Consider in Planning Any Transition of Task Force Capabilities from DOD to USAID.	5
	The Task Force Has Not Documented Specific Guidelines for Managing Activities, and Its Information-Sharing Efforts in Afghanistan Are Focused on Senior-Level Officials and Are Not Integrated into Existing Mechanisms	9
	Conclusions	14
	Recommendations for Executive Action	15
	Agency Comments and Our Evaluation	15

Appendix I	Scope and Methodology	21
------------	-----------------------	----

Appendix II	Comments from the Department of Defense	23
-------------	---	----

Appendix III	Comments from the U.S. Agency for International Development	25
--------------	---	----

Appendix IV	GAO Contact and Staff Acknowledgments	29
-------------	---------------------------------------	----

Table	Table 1: Funding Available to the Task Force (Fiscal Years 2007 through 2011)	4
-------	---	---

Abbreviations	
DOD	Department of Defense
CERP	Commander's Emergency Response Program
NDAA	National Defense Authorization Act
USAID	U.S. Agency for International Development

This is a work of the U.S. government and is not subject to copyright protection in the United States. The published product may be reproduced and distributed in its entirety without further permission from GAO. However, because this work may contain copyrighted images or other material, permission from the copyright holder may be necessary if you wish to reproduce this material separately.



United States Government Accountability Office
Washington, DC 20548

July 29, 2011

Congressional Committees

U.S. federal agencies, including the Department of Defense (DOD), the Department of State (State), and the U.S. Agency for International Development (USAID), are involved in stabilization, reconstruction, and development efforts in Iraq and Afghanistan. In June 2006, as part of its counterinsurgency strategy, DOD created the Task Force for Business and Stability Operations (Task Force) to support economic stabilization efforts in Iraq. In July 2009, the Task Force also began to operate in Afghanistan. From fiscal year 2007 through fiscal year 2011, the Task Force received about \$753 million for its activities. Officials in DOD, State, and USAID have questioned whether the Task Force and its capabilities should continue to reside in DOD or be transitioned to another federal agency, such as USAID. To that end, the Ike Skelton National Defense Authorization Act (NDAA) for Fiscal Year 2011¹ required, among other things, that State, DOD, and USAID jointly develop a plan to transition the activities of the Task Force in Afghanistan to State, with the focus on potentially transitioning activities to USAID.

We began a review of Task Force management and information-sharing activities under the authority of the Comptroller General of the United States to conduct work on his own initiative. The Joint Explanatory Statement accompanying the fiscal year 2011 NDAA recognized GAO's ongoing review and directed GAO to include some additional information in its report. This report (1) identifies factors to be considered in planning any transfer of Task Force capabilities to USAID and (2) evaluates the extent to which the Task Force had established guidance for its personnel to manage its activities and shared information about its activities with other U.S. civilian agencies. In our discussion of factors, we included information on the relationship between Task Force activities and the U.S. Integrated Civilian-Military Campaign Plan for Support to Afghanistan.

For our review, we reviewed documentation and interviewed key officials at DOD, the Department of Agriculture, the Department of Commerce, State, the Department of the Treasury, and USAID in headquarters

¹ Pub. L. No. 111-383, § 1535 (2011).

locations and at the U.S. embassies and military commands in Iraq and Afghanistan. To identify factors to consider in planning any transition of Task Force capabilities to USAID, we interviewed cognizant DOD, State, and USAID senior-level policy officials. Specifically, we obtained their views on the respective capabilities and operational approaches of the Task Force and USAID and reviewed relevant and available documentation. To evaluate the extent to which the Task Force had established guidance to manage its activities, we reviewed documents describing the Task Force's operating approach, projects, and activities; performance goals and measures; as well as budget submissions and security protocols. We compared this information to requirements for documentation contained in GAO's internal control standards and prior work related to management and evaluation.² To evaluate the extent to which the Task Force had shared information with other civilian federal agencies involved with economic stabilization efforts in Afghanistan, we reviewed DOD guidance, such as DOD Instruction 3000.05, as well as National Security Presidential Directive 44, to determine coordination requirements. We also interviewed agency officials and analyzed documents from multiple agencies to identify the types of information shared and any processes used to share information. We focused this portion of our review on information-sharing practices in Afghanistan because the Task Force ceased its operations in Iraq in January 2011. More detailed information on our scope and methodology can be found in appendix I.

We conducted this performance audit from August 2010 through July 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Background

In 2006, the Deputy Secretary of Defense created the Task Force for Business and Stability Operations. Its initial focus was to improve DOD's contracting processes as a means to increase the number of DOD

² GAO, *Standards for Internal Control in the Federal Government*, [GAO/AIMD-00-21.3.1](#) (Washington, D.C.: November 1999).

contracts awarded to Iraqi firms and therefore help to develop businesses and create jobs. Soon thereafter, the Task Force's scope of operations expanded to include efforts intended to restart Iraqi state-owned factories, attract foreign investment, improve private banking, and revitalize Iraq's agriculture and energy sectors. For Iraqi state-owned factories, the Task Force procured spare parts, production equipment, and raw materials and provided training to employees. Additionally, the Task Force reported that it established temporary office space to provide accommodation for companies seeking to invest and establish a permanent presence in Iraq. To improve banking in Iraq, the Task Force reported that it helped establish capacity to transfer funds electronically.

In July 2009, the Task Force began shifting its focus to Afghanistan at the request of the International Security Assistance Force, U.S. Central Command, and the U.S. Embassy in Kabul. Task Force officials and subject matter experts conducted a 3-month assessment to develop a strategy and plan for activities in Afghanistan. As a result, they identified several areas of the Afghan economy that they believed were viable for investment, such as minerals, indigenous industries, and agriculture. According to Task Force documentation, the Task Force completed a project in December 2010 with the Afghanistan government to rehabilitate an oil well to demonstrate the commercial feasibility of oil production in Afghanistan. It also has several activities ongoing in other areas, such as assisting the Afghan Ministry of Mines with collecting and collating geological data with the U.S. Geological Survey to complete tender packages for investment, building carpet finishing facilities to allow domestically finished carpets to be sold through an international outlet, and planning to construct agricultural colleges at Afghan universities that will serve farmers and agribusiness. In addition, the Task Force has ongoing activities in banking and finance, energy, software industry development, and information and communication technology development in Afghanistan.

The Task Force uses a variety of approaches to conduct its work, including arranging visits for U.S. and non-U.S. investors to meet with business leaders and undertaking specific development projects that could involve building facilities or conducting assessments to identify potential opportunities. To implement its projects, the Task Force may use contractors to build facilities or provide assistance to host government ministries or organizations. While the Task Force undertakes some projects by itself, in other cases it works with other organizations, for example USAID, State, or other DOD organizations. In these cases, the Task Force may provide support to other agencies or complete a

portion of a project. For example, the Task Force has worked with USAID on the rehabilitation and electrification of a cement plant in Parwan. As of June 2011, the Task Force consists of 51 government employees and 28 subject matter experts from private firms.

Since its inception, the Task Force has received funds from a variety of sources, including the Army's Operations and Maintenance appropriation account, the Iraqi Freedom Fund,³ and the Office of the Secretary of Defense's Emergency and Extraordinary Expense Fund.⁴ In January 2011, Congress passed the NDAA for Fiscal Year 2011, which authorized the Task Force to use up to \$150 million of operations and maintenance funds available to the Army for overseas contingency operations for its activities in Afghanistan. Table 1 shows the funding available for the Task Force from fiscal year 2007 through fiscal year 2011.⁵

Table 1: Funding Available to the Task Force (Fiscal Years 2007 through 2011)

Dollars in thousands						
Source	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	Total
Operations and Maintenance (Army)	\$68,700	\$90,300	\$152,000	\$189,400	\$150,000	\$650,400
Iraq	68,700	90,300	137,000	114,200	-	\$410,200
Afghanistan	-	-	15,000	75,200	150,000	\$240,200
Iraqi Freedom Fund	50,000	50,000	-	-	-	\$100,000
Emergency and Extraordinary Expense Fund	-	3,000	-	495	-	\$3,495
Total	\$118,700	\$143,300	\$152,000	\$189,895	\$150,000	\$753,895

Source: DOD.

Note: Numbers may not sum to totals because of rounding.

³ The Iraqi Freedom Fund is a special account providing funds for additional expenses for ongoing military operations in Iraq, and those operations authorized by Pub. L. No. 107-40 (Sept. 13, 2001), Authorization for Use of Military Force, and other operations and related activities in support of the Global War on Terrorism. See Pub. L. No. 108-11 (2003).

⁴ Section 127 of Title 10 of the United States Code allows the Secretary of Defense, the Inspector General of DOD, and the secretary of a military department within his/her own department, subject to certain limitations and requirements, to provide funds for any emergency or extraordinary expense that cannot be anticipated or classified.

⁵ While the Task Force received some funds in the latter part of fiscal year 2006, it was unable to provide information on specific funding amounts.

The NDAA for fiscal year 2011⁶ required that State, DOD, and USAID jointly develop a plan to transition the activities of the Task Force to State, with a focus on potentially transitioning activities to USAID. The plan, which was to be submitted to Congress at the same time as the President's fiscal year 2012 budget, was to describe (1) the Task Force's activities in Afghanistan in fiscal year 2011; (2) the Task Force's activities in fiscal year 2011 that USAID will continue in fiscal year 2012, including those activities that may be merged with similar USAID efforts; (3) any of the Task Force's fiscal year 2011 activities that USAID will not continue and the reasons; and (4) those actions that may be necessary to transition Task Force activities that will be continued by USAID in fiscal year 2012. The NDAA also required the President, acting through the Secretary of Defense and the Secretary of State, to submit a report on an economic strategy for Afghanistan by July 6, 2011. Furthermore, the NDAA required the Secretary of Defense to submit a report describing the Task Force's activities and how these activities support the long-term stabilization of Afghanistan by October 31, 2011.

Factors to Consider in Planning Any Transition of Task Force Capabilities from DOD to USAID

The fiscal year 2011 NDAA⁷ required that State, DOD, and USAID jointly develop a plan to transition the activities of the Task Force in Afghanistan to State. As of June 2011, the plan had not been submitted. Officials from DOD, State, and USAID told us that they are continuing to discuss the options for and timing of any transition and developing a response to satisfy the requirement for a plan in the fiscal year 2011 NDAA. According to USAID officials, to plan for any transition, they would need detailed information about the Task Force activities, such as project objectives, timelines, costs, contracting, and actual results. To identify factors to consider in planning for any transition of Task Force capabilities from DOD to USAID, we interviewed DOD, State, and USAID senior-level policy officials in Afghanistan and Washington, D.C. We obtained their views on the respective capabilities and operational approaches of the Task Force and USAID and reviewed relevant and available documentation. As a result, we identified five factors to consider in planning for any transition, which generally relate to how these agencies conduct their respective activities.

⁶ Pub. L. No. 111-383, § 1535 (2011).

⁷ Ibid.

Approaches to economic development. Although we identified some overlap in the roles of the Task Force and USAID, since both entities work to promote economic development in Afghanistan, they generally take different approaches to achieve their goals. In particular, USAID officials noted that in addition to other activities, USAID focuses more broadly on efforts to improve the environment for investments whereas the Task Force focuses on brokering specific investment deals. Specifically, the Task Force was designed to be a small, flat, flexible organization that generally conducts short-term initiatives in various sectors of the Afghan economy. For example, the Task Force is building a raisin processing facility in Kandahar to process raisins for export. It also facilitated meetings for Sweet Dried Fruit, the largest U.S. importer of raisins, to purchase Afghan raisins for the U.S. market. USAID is a larger development agency operating in many sectors ranging from infrastructure construction to capacity building as well as promotion of private sector development, both in the short and long term. For example, USAID worked with ministries to develop public administration and management capacity to foster government reform and establish the conditions for economic development. In addition, USAID generally focuses on both small and large infrastructure projects, ranging from small health clinics to agricultural colleges to roads and power plants. Furthermore, in some cases, USAID and the Task Force work in the same sectors of Afghanistan, but U.S. development officials in Afghanistan do not consider Task Force projects to be duplicative of USAID efforts. For example, USAID officials noted that USAID and the Task Force are both involved in the Afghan mining sector. USAID is focused on improving the regulatory policies to promote mining sector development and attract private sector investment through conferences, while the Task Force is focused on collecting and collating mining data with the U.S. Geological Survey, developing detailed investment proposals, and identifying and attracting investors.

Freedom of movement. According to USAID, State, and DOD officials, Task Force employees have greater freedom of movement than USAID employees because the Task Force employees operate outside of Chief of Mission⁸ authority and therefore are not required to follow the security

⁸ A chief of mission is the principal officer, usually the ambassador, in charge of a U.S. diplomatic mission abroad, and has full responsibility for the direction, coordination, and supervision of all U.S. government executive branch employees in that country, except for Voice of America personnel on official assignment and those personnel under the control of the combatant commander. See 22 U.S.C. § 3927.

protocols of the U.S. Embassy in Kabul's Regional Security Officer.⁹ In addition, the Task Force maintains its own security detail and is a DOD entity. As a result, Task Force employees have an increased ability to directly implement and oversee its projects, greater access to military assets, and flexibility to host potential investors. USAID employees operate under Chief of Mission authority and are subject to more restrictions on their movements. As GAO has previously reported, movement restrictions affect the ability of USAID employees to directly implement and oversee USAID's projects.¹⁰ USAID headquarters officials noted that USAID uses implementing partners¹¹ to carry out some of its projects and that they operate outside Chief of Mission authority. Senior State headquarters and USAID and State embassy officials said that lessening restrictions on USAID movement would require an exemption from the Regional Security Officer's policy by the Ambassador and State's Under Secretary for Management and would be challenging in the current security environment in Afghanistan. Furthermore, given the location and security requirements related to some of the Task Force's work, such as mining, a memorandum of understanding between USAID and DOD might be necessary to provide USAID employees greater access to military security and transportation assets if Task Force activities are transitioned to USAID.

USAID funding and staffing. USAID's fiscal year 2011 budget and fiscal year 2012 budget request did not take into account any needs to support Task Force activities. However, USAID headquarters officials noted that if a transition were to occur they have flexibility to reprogram funds to accommodate the Task Force projects selected for transition. To continue Task Force activities, senior-level embassy and USAID officials in Afghanistan also identified potential staffing challenges. For example, the Task Force consists of individuals with private sector expertise and business contacts who have agreed to live and work under the Task

⁹ The regional security officer is in charge of security for all Americans assigned to an embassy (or on temporary duty to post) who come under the authority of the chief of mission.

¹⁰ GAO, *Afghanistan Development: Enhancements to Performance Management and Evaluation Efforts Could Improve USAID's Agricultural Programs*, [GAO-10-368](#) (Washington, D.C.: July 14, 2010).

¹¹ USAID implementing partners include U.S. businesses, nongovernmental organizations, private voluntary organizations, academic institutions, other U.S. government agencies, and international assistance agencies.

Force's current security arrangement in Afghanistan (e.g., outside Chief of Mission authority) and are comfortable with the way the Task Force operates. According to USAID officials, many of its employees also have private sector experience and business contacts, but they live and work under a different security arrangement (e.g., under Chief of Mission authority). Embassy personnel stated that because of differences in the way the two agencies approach their activities, it may prove challenging for USAID to attract employees with the same expertise to broker investment deals as currently exists within the Task Force.

Facilitating private investment in Afghanistan. While both USAID and the Task Force facilitate private investment, the nature and focus of their interactions with investors differ. For example, the Task Force identifies and provides direct logistical and consultative support to U.S. and non-U.S. potential investors. Such support includes advising companies on investment opportunities, arranging access to Afghan business leaders and officials, and providing temporary housing, transportation, and office space while investors evaluate opportunities and set up their own operations. The Task Force has hosted major international corporations and investors in Afghanistan, including Citibank, IBM, JP Morgan, Sweet Dried Fruit, Case New Holland, and Harrods of London. With respect to facilitating private investment, USAID typically hosts conferences that are designed to attract businesses or share information. Given their differences in approach, interaction with investors, and flexibility to move around, as previously discussed, senior USAID and State officials in Afghanistan agreed that these investment activities currently conducted by the Task Force may not continue if a transition to USAID occurs.

Timing of transition and linkage to U.S. objectives in Afghanistan. Task Force activities in Afghanistan are intended to support objectives associated with the revised U.S Integrated Civilian-Military Campaign Plan for Support to Afghanistan. The plan has several objectives associated with U.S. goals and with the International Security Assistance Force's lines of operations, including "Advancing Livelihoods and Sustainable Jobs." Under this objective, the United States seeks to increase the productivity of small and medium-sized enterprises and promote domestic and foreign private sector investment in Afghanistan into 2012. Because the Task Force is involved in various efforts to spur private investment, senior-level DOD, State, and USAID officials in Afghanistan have stated that a transition in the near term may negatively impact these efforts, which are deemed essential for the transition of U.S. forces out of Afghanistan.

The Task Force Has Not Documented Specific Guidelines for Managing Activities, and Its Information-Sharing Efforts in Afghanistan Are Focused on Senior-Level Officials and Are Not Integrated into Existing Mechanisms

To guide Task Force activities, DOD's senior leadership and the Task Force Director have provided high-level, general direction to Task Force activities; however, the Task Force has not developed written guidance to be used by its personnel in managing Task Force projects. In addition, while interagency information-sharing mechanisms exist in Afghanistan, the Task Force does not routinely participate in these mechanisms, nor have DOD, State, and USAID determined how to integrate the Task Force into these information-sharing efforts.

The Task Force Lacks Formal Written Guidance to Manage Its Activities

DOD's senior leadership and the Task Force Director have provided high-level, general direction for Task Force activities, such as broad goals, an operating philosophy, and management practices. However, the Task Force has not developed written guidance to be used by its personnel in managing Task Force projects. Such guidance could include elements such as project selection criteria, requirements to establish project metrics, monitoring and evaluation processes, and the type of project information that should be collected and documented.

DOD and the Task Force have issued various memorandums that have broadly guided the Task Force's activities. For example, the Task Force's mission and goals were established through three memorandums issued by the Deputy Secretary of Defense and Secretary of Defense over the time period from 2006 to 2010. The June 2006 memorandum stated, for example, that the Task Force was to accelerate DOD's stabilization and reconstruction operations through economic development activities in Iraq and Afghanistan. Additionally, in December 2009, the Director of the Task Force issued a management memorandum outlining the Task Force's operational model, which mentioned that the Task Force has been successful because it is designed to flexibly respond to the dynamic operating environments of Iraq and Afghanistan while combat operations were ongoing and emphasized the necessity of field-based project management.

Task Force officials stated that they use various practices to manage activities, such as holding periodic internal management meetings to review plans and monitor project implementation. In addition, we found that Task Force officials also maintain some project information. Based on our discussion with Task Force officials and our review of Task Force documentation, we confirmed that some of the information contained in the project files included project descriptions, goals, objectives and metrics, contract information, and financial information. We found that the level of detail on the project information maintained by the Task Force varied, such as for data on cost, status, and metrics. For example, the Task Force's project files on its factory restart efforts in Iraq included detailed information such as cost and project status, and such data were updated periodically. In contrast, project files on the Task Force's project documentation on its agricultural assessment activities contained related final reports, but the documentation did not contain information on cost and only one report contained schedule information. Furthermore, the Task Force's electronic fund transfer assistance center in Iraq tracked metrics such as the number of problems reported and the causes of the problems. In contrast, Task Force project documentation on its private investment facilitation efforts in Iraq did not have clearly defined metrics.

Neither DOD memorandums nor the Director's memorandum describing the Task Force's operational model outline specific guidelines for project management, such as project selection criteria, requirements to establish project metrics, monitoring and evaluation processes, or how program managers should maintain project information. *Standards for Internal Control in the Federal Government* requires agencies to document guidance to help manage agency activities but allows agencies to tailor control activities.¹² According to the standards, written guidance that directs project management is an integral part of an agency's planning, implementing, reviewing, and accountability for stewardship of government resources and achieving effective results. We also note that two assessments of the Task Force's activities have identified a need for project guidance. First, in 2009, the Task Force appointed an assessment team to evaluate its activities to restart state-owned factories in Iraq. This assessment team stated, among other things, that the lack of project documentation made it difficult to gain a clear understanding of the Task Force's operating environment. In addition, the assessment team noted

¹² [GAO/AIMD-00-21.3.1](#).

that the Task Force should consider developing standard processes and procedures for internal controls and a standard repository for project reporting. Second, the Task Force conducted an internal assessment and released the findings in February 2009, which noted that basic managerial structure and processes were lacking to ensure continuity of operations and that it would issue new guidelines for operational management. According to Task Force officials, the December 2009 memorandum outlining the Task Force's operational philosophy was issued in response to this internal review. However, it did not contain specific management guidelines, and no other guidance has been issued.

Senior Task Force officials told us that they have recognized the need to establish project management guidance; however, they stated that taking this action was not a priority because at times the future of the Task Force was uncertain. For example, from late 2008 through March 2009, it was unclear whether the Task Force would be reauthorized by the Secretary of Defense to continue activities in Iraq. As a result, a large number of Task Force staff left the organization, and when the Task Force was reauthorized in March 2009, senior Task Force officials stated that it only had three permanent staff members and had to recruit additional staff. During the time of organizational uncertainty, members of the Task Force were focused on completing projects in Iraq and were not, according to Task Force officials, focused on developing and documenting guidance and policies.

Task Force Information-Sharing Efforts Are Focused on Senior-Level Officials in Afghanistan and Not Formally Integrated into Existing Coordination Mechanisms

DOD Instruction 3000.05 states that integrated civilian and military efforts are essential to conducting successful stability operations¹³ and requires DOD and its components to collaborate with other U.S. government agencies, among other organizations, involved with the planning, preparation, and conduct of stability operations.¹⁴ The 2010 DOD Task Force memorandum also requires it to coordinate with relevant U.S. government agencies for executing assignments in theater, as appropriate. In addition, according to the DOD Joint Publication on

¹³ Joint doctrine defines "stability operations" as various military missions, tasks, and activities conducted outside the United States in coordination with other instruments of national power to maintain or reestablish a safe and secure environment and provide essential governmental services, emergency infrastructure reconstruction, and humanitarian relief.

¹⁴ Department of Defense Instruction 3000.05, *Stability Operations* (Sept. 16, 2009).

counterinsurgency operations, coordination and/or integration of military efforts with other governmental or nongovernmental efforts to achieve a whole of government approach is essential for successful counterinsurgency operations, which include stabilization efforts to foster economic stability and development.¹⁵

The Task Force has generally focused its information-sharing efforts on the senior U.S. official level in Afghanistan. According to Task Force officials, they regularly brief senior-level U.S. military and civilian officials, such as the Commander of the International Security Assistance Force and U.S. Forces-Afghanistan, the Ambassador to Afghanistan, and the Special Representative for Afghanistan and Pakistan, on the activities and projects of the Task Force in Afghanistan. Senior Task Force officials stated that they have also shared information on their activities and projects with the USAID Mission Director and the Coordinating Director of Development and Economic Affairs at the U.S. Embassy in Kabul, Afghanistan.

While the Task Force regularly shares information with senior leaders, its information sharing at the project management level in Afghanistan has been more ad hoc. Several civilian development officials in Afghanistan expressed concerns about the inconsistency of information sharing by the Task Force. For example, according to USAID officials in Afghanistan information sharing between USAID and the Task Force has generally been limited and irregular. However, development officials also stated that coordination with the Task Force was generally better on joint projects, such as on a cement factory revitalization project in Parwan province. Task Force officials agreed that information sharing below the senior level is on an ad hoc basis and noted that they expected senior leaders they briefed to share information from the Task Force with appropriate staff within their own organizations. Task Force officials believe that they have interacted frequently below the senior level but acknowledged that there have been gaps in the Task Force's information sharing and improvements could be made.

While mechanisms such as interagency working groups exist in Afghanistan for agencies involved in development activities to share

¹⁵ Department of Defense Joint Publication 3-24, *Counterinsurgency Operations* (Oct. 5, 2009).

information, the Task Force does not routinely participate in these mechanisms nor have DOD, State, and USAID determined how to integrate the Task Force into these information-sharing efforts. The Task Force has been required to more formally share information on its projects and activities through other processes in the past, but these processes were either onetime requirements or are no longer applicable. For example, the NDAA for fiscal year 2011 required the Task Force to obtain the concurrence of the Secretary of State for its planned fiscal year 2011 projects in Afghanistan.¹⁶ State officials said that the concurrence process generally improved the visibility of Task Force activities in Afghanistan. The Task Force was also required to share information on its activities and projects in Afghanistan as part of the Commander's Emergency Response Program (CERP). The Task Force used the program to implement some of its fiscal year 2010 projects in Afghanistan and had to meet the program's requirements, which included a review process that involved USAID and U.S. military officials. However, pursuant to the NDAA for fiscal year 2011, the Task Force is no longer able to use CERP to implement its projects. Currently, a number of interagency working groups have been established to share information regarding various aspects of development. For example, there are interagency working groups directed by the Coordinating Director of Development and Economic Affairs at the U.S. Embassy in Kabul that are involved with development in Afghanistan. For example, the Economic and Financial Policy Working Group is responsible for implementing the U.S. economic growth strategy for Afghanistan.¹⁷ Embassy, USAID, and Task Force officials have stated that the Task Force does not regularly attend the working group's biweekly meetings. Another mechanism mentioned in our prior work is the Combined Information Data Network Exchange used by the U.S. military to track CERP projects.¹⁸ This database included information on CERP projects; an unclassified version of the database is accessible by USAID and other organizations.

¹⁶ Pub. L. No. 111-383, §1535 (2011).

¹⁷ The Economic and Financial Policy Working Group is a national-level civil-military group; is co-chaired by the Economic Counselor at the U.S. Embassy, the USAID Office of Economic Growth Director, and Department of the Treasury Attaché for Afghanistan; and is focused on job creation, private sector development, and fiscal sustainability in Afghanistan.

¹⁸ GAO, *Military Operations: Actions Needed to Improve Oversight and Interagency Coordination for the Commander's Emergency Response Program in Afghanistan*, [GAO-09-615](#) (Washington, D.C.: May 18, 2009).

However, agency officials have not agreed on the most appropriate mechanisms to use and the level of participation for the Task Force.

Senior embassy officials stated that improved information sharing by the Task Force would help with unity of effort and that a mechanism to facilitate information sharing would be useful. Development officials have also noted the importance of improving information sharing by the Task Force to ensure that all U.S. government development projects in Afghanistan are coordinated to support the U.S. economic strategy. Furthermore, our prior work has highlighted the need to improve information sharing between agencies working on development in Afghanistan, particularly USAID and DOD, to improve coordination.¹⁹

Conclusions

Strengthening the Afghan economy through stabilization and development assistance efforts is critical to the counterinsurgency strategy and a key part of the U.S. Integrated Civilian-Military Campaign Plan for Support to Afghanistan. To support U.S. goals in Afghanistan, DOD's Task Force and USAID both undertake efforts that promote economic development, including facilitating private sector investment. While the two organizations are similarly focused on stabilizing and developing Afghanistan's economy, some differences exist in the way they carry out their projects and activities. Therefore, factors such as their respective approaches to economic development, ability to move around, and the types of activities they undertake to identify investment opportunities and interact with potential U.S. and non-U.S. investors are important considerations in planning for any transition.

Written guidance is a key element that can help agencies manage their activities and establish internal controls. Without formally defined project management guidance, the Task Force does not have the framework needed to ensure a standard operating approach and consistent project management. In addition, the absence of such guidance makes it more difficult to ensure accountability among its employees, minimize the potential for waste and abuse, monitor and evaluate project effectiveness, and ensure a smooth transition as personnel join or leave the Task Force. Finally, whereas the Task Force, like other agencies operating in Afghanistan, has projects and activities that focus on economic

¹⁹ [GAO-09-615](#).

development, improving efforts to share information could identify opportunities for synergy and to avoid duplication. Without an agreed-upon approach to more fully integrate the Task Force into existing information-sharing mechanisms in Afghanistan, DOD, State, USAID, and other agencies will not be in a position to fully leverage and coordinate their respective capabilities and efforts in support of achieving U.S. economic development goals.

Recommendations for Executive Action

To ensure effective project management, oversight, and accountability, we recommend that the Secretary of Defense direct the Task Force to develop written guidance that documents, as appropriate, its management processes and practices, including elements such as criteria for project selection, requirements for establishing metrics and project documentation, and project monitoring and evaluation processes.

To improve information sharing among the Task Force and other federal agencies involved with stabilization and economic development efforts in Afghanistan, we recommend that the Secretary of Defense in consultation with the Secretary of State and the Administrator of USAID determine the most appropriate mechanism for integrating Task Force participation. Such mechanisms could include formalizing the process previously used to obtain State concurrence on Task Force projects, participating in appropriate working groups in Afghanistan, and/or including Task Force project and activity information in existing databases.

Agency Comments and Our Evaluation

We provided a draft of this report to the DOD, State, and USAID. DOD and USAID provided written comments, which are reprinted in appendixes II and III, respectively. State provided oral comments on the draft. DOD and USAID also provided technical comments, which we incorporated where appropriate.

In its comments, DOD partially concurred with our recommendation that the Secretary of Defense direct the Task Force to develop written guidance that documents, as appropriate, its management processes and practices. DOD stated that it encourages this practice and noted that the Secretary of Defense has issued the necessary directives and instructions to DOD components, including the Task Force, on the development of project management guidelines. DOD further stated that the Task Force is reviewing its program management processes and will consider how to implement our recommendation, to the extent practicable. Both DOD and State concurred with our recommendation that

the Secretary of Defense in consultation with the Secretary of State and the Administrator of USAID determine the most appropriate mechanism for integrating Task Force participation in information-sharing efforts in Afghanistan. DOD stated that it has reached agreement with the senior leadership of State and USAID to enhance coordination and information sharing of Task Force activities. According to a Task Force official, the details of this agreement are being finalized and will be discussed in the forthcoming response to the fiscal year 2011 NDAA requirements. State noted that we had adequately captured the need for increased coordination, communication, and information sharing.

In its comments, USAID expressed its view that overall the report contained inaccuracies and misrepresentations that need to be corrected. USAID also made several statements regarding the objectives of our report. Specifically, USAID asserted that our report addressed the issue of whether Task Force activities should continue to reside in DOD or be transferred to another agency. USAID further noted that the report makes no recommendation as to a transfer of activities, but believed our recommendation to strengthen internal Task Force procedures and processes seemed to acknowledge the continued existence of the Task Force, and our reluctance to recommend consolidation of Task Force activities stems from a lack of understanding of how USAID operates. It believed this lack of understanding was reflected in our discussion of the five factors to be considered in planning for any transition. Specifically, USAID cited our discussion of the differing approaches of the Task Force and USAID to economic development, stating that our report describes USAID as focusing on improving the environment for investments while the Task Force focuses on brokering specific investment deals. USAID stated that it does not focus only on improving the environment for investments, noting that it has one project with this goal and several projects that focus on other areas of investment, including brokering specific deals. In addition, USAID stated that our report notes that the Task Force has an advantage over USAID because it has greater flexibility to visit project sites and access to the military. USAID noted that both USAID and the Task Force use contractors to implement projects, who have different and fewer security and movement restrictions than U.S. government employees. It specifically stated that USAID-employed Afghans and contractors can access all areas.

We disagree that our report contains inaccuracies and misrepresentations, and believe that USAID has mischaracterized the intent of our work. Our objectives, as stated in the report, were to identify factors that should be considered in planning for any potential transition of

Task Force capabilities to USAID. We did not evaluate whether such a transfer should occur, and therefore make no recommendation to that effect. We disagree that our recommendation regarding the need for the Task Force to develop project management guidelines suggests the continued existence of the Task Force. Rather, such a framework will be necessary regardless of whether the Task Force continues to reside in DOD or transfers to another agency. We also disagree with USAID's description of certain information in our report. Specifically, with respect to USAID's approach to economic development, our report does not state that USAID only focuses on improving the environment for investment. Rather, we specifically discuss that USAID operates in many sectors in Afghanistan ranging from infrastructure construction to capacity building as well as promotion of private sector development, both in the short and long term. In particular, we note that USAID activities include sponsoring conferences where prospective investors have the opportunity to gather information about potential investment opportunities. Finally, we do not pass judgment on whether the Task Force has an advantage over USAID with respect to freedom of movement, but rather point out the conditions under which employees of the two agencies conduct their activities, such as whether they are subject to Chief of Mission authority. We also specifically discuss that USAID uses contractors to help implement its projects, and that these contractors have access to project sites. In light of USAID's comments, we have clarified the report text to more clearly identify the instances in which we are referring to direct employees compared to contractors.

USAID also commented on our recommendation that the Secretary of Defense in consultation with the Secretary of State and the Administrator of USAID determine the most appropriate mechanism for integrating Task Force participation in information-sharing efforts in Afghanistan. Specifically, it agreed with the need for more and more effective information sharing but believed that our recommendation fell short of addressing the need for full integration of stabilization and development activities across the federal government. USAID noted that information sharing is not enough if the U.S. government is to efficiently plan, manage, and integrate multiple development projects from different agencies in overlapping sectors or ministries. It emphasized that active senior management direction and support from the Task Force, along with State and USAID, are required for effective integration of planning and project execution, and that consolidation of Task Force and USAID activities would go even further to ensure that activities are fully integrated and that gaps or duplication do not occur. In particular, USAID proposed that we expand our recommendation on information sharing to

require that the Task Force's project portfolio management become more institutionalized and integrated into State and USAID planning and project reporting processes.

We agree with USAID's comments regarding the need for greater integration of U.S. activities, and believe that our recommendation supported by other information contained in our report specifically conveys this intent. In particular, our conclusions state that without an agreed-upon approach to more fully integrate the Task Force into existing information-sharing mechanisms in Afghanistan, DOD, State, USAID, and other agencies will not be in a position to fully leverage and coordinate their respective capabilities and efforts in support of achieving U.S. economic development goals. We also note that in presenting our recommendation, we identify various options for DOD, State, and USAID to consider for achieving better information sharing and integration, including formalizing the process used to obtain State concurrence on Task Force activities. We note that this process, when used in the past, has involved both State and USAID review of Task Force activities.

We are sending copies of this report to the Secretary of Defense, the Secretary of State, and the Administrator of the U.S. Agency for International Development. The report also is available at no charge on the GAO Web site at <http://www.gao.gov>.

If you or your staff have any questions about this report, please contact me at (202) 512-9619 or pickups@gao.gov. Contact points for our Offices of Congressional Relations and Public Affairs may be found on the last page of this report. GAO staff who made major contributions to this report are listed in appendix IV.

A handwritten signature in black ink that reads "Sharon L. Pickup". The signature is written in a cursive, flowing style.

Sharon Pickup
Director, Defense Capabilities and Management

List of Committees

The Honorable Carl Levin
Chairman
The Honorable John McCain
Ranking Member
Committee on Armed Services
United States Senate

The Honorable John F. Kerry
Chairman
The Honorable Richard G. Lugar
Ranking Member
Committee on Foreign Relations
United States Senate

The Honorable Daniel K. Inouye
Chairman
The Honorable Thad Cochran
Ranking Member
Subcommittee on Defense
Committee on Appropriations
United States Senate

The Honorable Patrick J. Leahy
Chairman
The Honorable Lindsey O. Graham
Ranking Member
Subcommittee on the Department of State, Foreign Operations,
and Related Programs
Committee on Appropriations
United States Senate

The Honorable Howard P. "Buck" McKeon
Chairman
The Honorable Adam Smith
Ranking Member
Committee on Armed Services
House of Representatives

The Honorable Ileana Ros-Lehtinen
Chairman

The Honorable Howard L. Berman
Ranking Member
Committee on Foreign Affairs
House of Representatives

The Honorable C. W. Bill Young
Chairman

The Honorable Norman D. Dicks
Ranking Member
Subcommittee on Defense
Committee on Appropriations
House of Representatives

The Honorable Kay Granger
Chairwoman

The Honorable Nita M. Lowey
Ranking Member
Subcommittee on State, Foreign Operations, and Related Programs
Committee on Appropriations
House of Representatives

Appendix I: Scope and Methodology

We began our review of the Department of Defense's (DOD) Task Force for Business and Stability Operations (Task Force) under the authority of the Comptroller General of the United States to conduct work on his own initiative. The Joint Explanatory Statement accompanying the Ike Skelton National Defense Authorization Act for Fiscal Year 2011 recognized GAO's ongoing review and directed GAO to include some additional information in its report. This report (1) identifies factors to consider in planning any transition of Task Force capabilities to the U.S. Agency for International Development (USAID) and (2) evaluates the extent to which the Task Force had established guidance to manage its activities and shared information with other U.S. civilian agencies. In our discussion of factors, we included information on the relationship between Task Force activities and the U.S. Integrated Civilian-Military Campaign Plan for Support to Afghanistan.

To identify factors to consider in planning any transfer of Task Force capabilities to USAID, we interviewed cognizant DOD, Department of State (State), and USAID senior-level policy officials, including officials at the U.S. Embassy in Kabul. At the U.S. Embassy in Kabul, we interviewed the Coordinating Director for Development and Economic Affairs and officials in the Economic Section, including the Economic Counselor; the Interagency Agriculture Team; and the Civilian-Military Plans and Assessments Team. We also interviewed USAID officials in Afghanistan, including the Mission Director in Afghanistan and officials in the Office of Economic Growth and Governance; the Office of Infrastructure, Engineering, and Energy; and the Stabilization Unit. During our interviews, we specifically obtained these officials' views on the respective capabilities and operational approaches of the Task Force and USAID and reviewed relevant and available documentation. To determine how the Task Force activities support the U.S. Integrated Civilian-Military Campaign Plan for Support to Afghanistan, we reviewed the 2009 and 2011 versions of the plan, as appropriate, to determine what campaign objectives Task Force activities support and interviewed relevant agency officials in both Washington, D.C., and Afghanistan.

To evaluate the extent to which the Task Force has established guidance to manage its activities, we reviewed documentation describing the Task Force's operating approach, projects and activities, performance goals and measures, and budget submissions and security protocols. We compared this information to requirements for documentation contained in our internal control standards and prior work related to management and evaluation. To evaluate the extent to which the Task Force shared information on its activities with other civilian agencies involved with

economic stabilization efforts in Afghanistan, we reviewed DOD guidance, such as DOD Instruction 3000.05, and National Security Presidential Direction 44, to determine coordination requirements. We also interviewed officials from DOD, State, USAID, and the U.S. embassies in Baghdad and Kabul to identify the types of information shared and any processes used to share information. We focused this portion of our review on the information-sharing activities and practices in Afghanistan because the Task Force ceased its operations in Iraq in January 2011.

We conducted this performance audit from August 2010 through July 2011 in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix II: Comments from the Department of Defense



DEPARTMENT OF DEFENSE
Task Force for Business and Stability Operations
3600 Defense Pentagon, Pentagon Room 3C889A
Washington, D.C. 20301



July 15, 2011

Ms. Sharon Pickup
Director, Defense Capabilities and Management
U.S. Government Accountability Office
441 G Street, N.W.
Washington, D.C. 20548

Dear Ms. Pickup:

This is the Department of Defense response to the GAO draft report, GAO-11-715, "Task Force for Business and Stability Operations: Actions Needed to Establish Project Management Guidelines and Enhance Information Sharing," dated July 2011 (GAO Code 351525). The Department generally concurs with the recommendations in the report. Our response to your recommendations is attached. The Department appreciates the opportunity to comment on the draft report.

Very Respectfully,

Regina Dubey
SES
Acting Director & Director of Policy and Financial
Management
Task Force for Business and Stability Operations

Enclosure
As stated

**GAO Draft Report, 11-715, "Task Force for Business and Stability Operations: Actions
Needed to Establish Project Management Guidelines and Enhance Information Sharing."
Dated July 2011**

Department of Defense Comments to Recommendations Addressed to DoD

RECOMMENDATION 1: To ensure effective project management, oversight, and accountability, GAO recommends that the Secretary of Defense direct the Task Force for Business and Stability Operations to develop written guidance that documents, as appropriate, its management processes and practices, including elements such as criteria for project selection, requirements for establishing metrics and project documentation, and project monitoring and evaluation processes.

DoD RESPONSE: The Department partially concurs and encourages this practice. The Secretary of Defense has issued the necessary directives and instructions to DoD Components, including TFBSO, on the development of project management guidelines. In light of this report, TFBSO is reviewing its program management processes and will consider how to implement this recommendation, to the extent practicable.

RECOMMENDATION 2: To improve information sharing among the Task Force and other Federal agencies involved with stabilization and economic development efforts in Afghanistan, GAO recommended that the Secretary of Defense in consultation with the Secretary of State and the Administrator determine the most appropriate mechanism for integrating Task Force participation.

DoD RESPONSE: The DoD concurs. The Department through the Under Secretary of Defense for Policy has reached agreement with the senior leadership of the Department of State and U.S. Agency for International Development to enhance coordination and information sharing of TFBSO activities.

Appendix III: Comments from the U.S. Agency for International Development



USAID
FROM THE AMERICAN PEOPLE

July 19, 2011

Ms. Sharon Pickup
Director, Defense Capability and Management Team
U.S. Government Accountability Office
Washington, DC 20548

Dear Ms. Pickup:

The U.S. Agency for International Development (USAID) appreciates the opportunity to review the GAO draft report entitled "Task Force for Business and Stability Operations: Action Needed to Establish Project Management Guidelines and Enhance Information Sharing" (GAO-11-715).

USAID notes that the report contains inaccuracies and misrepresentations that USAID believes are important to correct before final report issuance. The enclosed USAID comments provide in detail the specific points that need clarification or correction. These comments are provided for incorporation with this letter as an appendix to the final report.

Thank you for the courtesies extended by your staff in the conduct of this audit.

Sincerely,

Sean C. Carroll /s/
Chief Operating Officer
U.S. Agency for International Development

Enclosure: a/s

- 2 -

USAID COMMENTS ON GAO DRAFT REPORT No. GAO-11-715

General Comments

The Government accountability Office (GAO) report addresses the issue of whether the activities of the Task Force for Business and Stability Operation (TFBSO) should continue to reside in Department of Defense (DOD) or be transferred to another Federal agency in conjunction with the transition from a primarily military to a primarily civilian United States Government (USG) presence in Afghanistan. The GAO analysis focused on five specific areas: approaches to economic development, freedom of movement, USAID funding and staffing, facilitation of private investment in Afghanistan, and the timing of transition.

While the report makes no specific recommendation as to a transfer of activities, its recommendation for the strengthening of internal Task Force procedures and processes seems to acknowledge the continued existence of the Task Force. The report then focuses on the need for greater participation by the Task Force in information-sharing efforts and interagency working groups to ensure the most effective use of available resources.

While USAID concurs on the need for more and more-effective information-sharing, we also believe these recommendations fall short of addressing the need for full integration of stabilization and development activities across the federal government. As DOD reduces its presence in Afghanistan, and as Congress considers reductions to the total funding allocated to USG assistance to Afghanistan, we believe a joint DOD-State-USAID transition plan should be undertaken to identify other institutional options for TFBSO, including possible consolidation of some TFBSO activities into USAID in Afghanistan, with appropriate additional funding, to avoid duplication and to more effectively target the limited resources available.

It appears some of the seeming reluctance to recommend consolidation stems from a lack of information about, and understanding of, how USAID operates. This problem is especially clear in the discussion of the five factors to be considered in planning for any transition. For example, the GAO report notes that TFBSO and USAID use different approaches to economic development, describing USAID as focusing on the broad objective of improving the environment for investments while the Task Force focuses on brokering specific investment "deals." But it is

- 3 -

untrue that USAID focuses only on the “environment for investments.” USAID/Afghanistan has one project that focuses on strengthening the investment environment (Economic Growth and Governance Initiative) and several projects that focus on other areas of investments in Afghanistan, including brokering specific investment deals throughout the portfolios of the Office of Economic Growth, the Office of Agriculture, and other offices (e.g., Afghanistan Small- and Medium-sized Enterprise Development Project; Afghanistan Investment Support Agency; Incentives Driving Economic Alternatives for the North, East and West; Accelerating Sustainable Agriculture Program; Public-Private Partnerships).

The GAO report also notes TFBSO has an advantage over USAID because it has “greater flexibility to visit project sites and access the military.” But USAID and TFBSO both use contractors to implement projects. Contractors have different (and fewer) security and movement restrictions from U.S. Government employees – including military. True, TFBSO can travel and access any needed security. By the same token, USAID-employed Afghans and contractors also can access all areas.

Comments on the Recommendations

Recommendation 1: “To improve information sharing among the Task Force and other federal agencies involved with stabilization and economic development efforts in Afghanistan, we recommend the Secretary of Defense in consultation with the Secretary of State and the Administrator of USAID determine the most appropriate mechanism for integrating Task Force participation. Such mechanisms could include formalizing the process previously used to obtain State Department concurrence on Task Force projects, participating in appropriate working groups in Afghanistan, and/or including Task Force project and activity information into existing databases.”

Management Comments: Based on the General Comments above, the Mission proposes the recommendation be expanded to require TFBSO’s project portfolio management become more institutionalized and integrated into the State/USAID’s planning and project-reporting processes. “Information sharing,” as currently recommended in the report, is a start, but does not go far enough if the USG goal is to efficiently plan, manage, and integrate multiple development projects from different agencies in overlapping sectors or ministries. Active senior management direction and support from TFBSO, along with Department of State (DOS) and USAID, are also required for effective integration of planning and project execution. Consolidation of TFBSO and USAID activities, assuming that

- 4 -

appropriate additional funding is provided, would go even further to ensure that economic development activities are fully integrated, and that gaps or duplications do not occur.

Appendix IV: GAO Contact and Staff Acknowledgments

GAO Contact

Sharon Pickup, (202) 512-9619 or pickups@gao.gov

Staff Acknowledgments

In addition to the contact named above, Carole Coffey, Assistant Director; Johana Ayers; Carolynn Cavanaugh; Burns Chamberlain; Nicole Harms; Mae Jones; Anne McDonough-Hughes; Jamilah Moon; Marcus Oliver; Michael Pose; and Michael Rohrback made key contributions to this report.

GAO's Mission

The Government Accountability Office, the audit, evaluation, and investigative arm of Congress, exists to support Congress in meeting its constitutional responsibilities and to help improve the performance and accountability of the federal government for the American people. GAO examines the use of public funds; evaluates federal programs and policies; and provides analyses, recommendations, and other assistance to help Congress make informed oversight, policy, and funding decisions. GAO's commitment to good government is reflected in its core values of accountability, integrity, and reliability.

Obtaining Copies of GAO Reports and Testimony

The fastest and easiest way to obtain copies of GAO documents at no cost is through GAO's Web site (www.gao.gov). Each weekday afternoon, GAO posts on its Web site newly released reports, testimony, and correspondence. To have GAO e-mail you a list of newly posted products, go to www.gao.gov and select "E-mail Updates."

Order by Phone

The price of each GAO publication reflects GAO's actual cost of production and distribution and depends on the number of pages in the publication and whether the publication is printed in color or black and white. Pricing and ordering information is posted on GAO's Web site, <http://www.gao.gov/ordering.htm>.

Place orders by calling (202) 512-6000, toll free (866) 801-7077, or TDD (202) 512-2537.

Orders may be paid for using American Express, Discover Card, MasterCard, Visa, check, or money order. Call for additional information.

To Report Fraud, Waste, and Abuse in Federal Programs

Contact:

Web site: www.gao.gov/fraudnet/fraudnet.htm

E-mail: fraudnet@gao.gov

Automated answering system: (800) 424-5454 or (202) 512-7470

Congressional Relations

Ralph Dawn, Managing Director, dawnr@gao.gov, (202) 512-4400
U.S. Government Accountability Office, 441 G Street NW, Room 7125
Washington, DC 20548

Public Affairs

Chuck Young, Managing Director, youngc1@gao.gov, (202) 512-4800
U.S. Government Accountability Office, 441 G Street NW, Room 7149
Washington, DC 20548

